

Senate Study Bill 1205

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
APPROPRIATIONS BILL BY
CHAIRPERSON LAMBERTI)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to state and local government financial and
2 regulatory matters, making and reducing appropriations,
3 providing a fee, and providing applicability and effective
4 dates.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 3461SC 80
7 jp/pj/5

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1 1 DIVISION I
1 2 PROPERTY TAX REPLACEMENT
1 3 Section 1. Section 24.14, Code 2003, is amended to read as
1 4 follows:
1 5 24.14 TAX LIMITED.
1 6 A greater tax than that so entered upon the record shall
1 7 not be levied or collected for the municipality proposing the
1 8 tax for the purposes indicated and a greater expenditure of
1 9 public money shall not be made for any specific purpose than
1 10 the amount estimated and appropriated for that purpose, except
1 11 as provided in sections 24.6 and 24.15. All budgets set up in
1 12 accordance with the statutes shall take such funds, and
1 13 allocations made by sections 123.53, and 452A.79 and chapter
1 14 ~~405A~~, into account, and all such funds, regardless of their
1 15 source, shall be considered in preparing the budget.
1 16 Sec. 2. Section 331.403, subsection 3, Code 2003, is
1 17 amended to read as follows:
1 18 3. A county that fails to meet the filing deadline imposed
1 19 by this section shall have withheld from payments to be made
1 20 to the county and allocated to the county pursuant to chapter
1 21 ~~405A~~ section 425.1 an amount equal to five cents per capita
1 22 until the financial report is filed.
1 23 Sec. 3. Section 331.427, subsection 1, unnumbered
1 24 paragraph 1, Code 2003, is amended to read as follows:
1 25 Except as otherwise provided by state law, county revenues
1 26 from taxes and other sources for general county services shall
1 27 be credited to the general fund of the county, including
1 28 revenues received under sections 91.11, 101A.3, 101A.7,
1 29 123.36, 123.143, 142B.6, 176A.8, 321.105, 321.152, 321G.7,
1 30 section 331.554, subsection 6, sections 341A.20, 364.3,
1 31 368.21, 422A.2, 428A.8, 430A.3, 433.15, 434.19, 445.57,
1 32 453A.35, 458A.21, 483A.12, 533.24, 556B.1, 583.6, 602.8108,
1 33 904.908, and 906.17, and chapter ~~405A~~, and the following:
1 34 Sec. 4. Section 384.22, unnumbered paragraph 2, Code 2003,
1 35 is amended to read as follows:
2 1 A city that fails to meet the filing deadline imposed by
2 2 this section shall have withheld from payments to be made to
2 3 ~~the county which are allocated to~~ the city pursuant to chapter
2 4 ~~405A~~ section 425.1 an amount equal to five cents per capita
2 5 until the annual report is filed with the auditor of state.
2 6 Sec. 5. Section 427B.19, subsection 3, unnumbered
2 7 paragraph 1, Code 2003, is amended to read as follows:
2 8 On or before September 1 of each fiscal year through June
2 9 30, ~~2006~~ 2004, the county auditor shall prepare a statement,
2 10 based upon the report received pursuant to subsections 1 and
2 11 2, listing for each taxing district in the county:
2 12 Sec. 6. Section 427B.19, subsection 3, paragraph c, Code
2 13 2003, is amended to read as follows:
2 14 c. The industrial machinery, equipment and computers tax
2 15 replacement claim for each taxing district. For fiscal years
2 16 beginning July 1, 1996, and ending June 30, 2001, the
2 17 replacement claim is equal to the amount determined pursuant
2 18 to paragraph "a", multiplied by the tax rate specified in
2 19 paragraph "b". For fiscal years beginning July 1, 2001, and
2 20 ending June 30, ~~2006~~ 2004, the replacement claim is equal to

2 21 the product of the amount determined pursuant to paragraph
2 22 "a", less any increase in valuations determined in paragraph
2 23 "d", and the tax rate specified in paragraph "b". If the
2 24 amount subtracted under paragraph "d" is more than the amount
2 25 determined in paragraph "a", there is no tax replacement for
2 26 the fiscal year.

2 27 Sec. 7. Section 427B.19A, subsection 1, Code 2003, is
2 28 amended to read as follows:

2 29 1. The industrial machinery, equipment and computers
2 30 property tax replacement fund is created. For the fiscal year
2 31 beginning July 1, 1996, through the fiscal year ending June
2 32 30, ~~2006~~ 2004, there is appropriated annually from the general
2 33 fund of the state to the department of revenue and finance to
2 34 be credited to the industrial machinery, equipment and
2 35 computers property tax replacement fund, an amount sufficient
3 1 to implement this division. However, for the fiscal year
3 2 beginning July 1, 2003, the amount appropriated to the
3 3 department of revenue and finance to be credited to the
3 4 industrial machinery, equipment and computers tax replacement
3 5 fund is ten million eighty-one thousand six hundred eighty=
3 6 five dollars.

3 7 Sec. 8. Section 427B.19C, Code 2003, is amended to read as
3 8 follows:

3 9 427B.19C ADJUSTMENT OF CERTAIN ASSESSMENTS REQUIRED.

3 10 In the assessment year beginning January 1, ~~2005~~ 2003, the
3 11 amount of assessed value of property defined in section
3 12 403.19, subsection 1, for an urban renewal taxing district
3 13 which received replacement moneys under section 427B.19A,
3 14 subsection 4, shall be reduced by an amount equal to that
3 15 portion of the amount of assessed value of such property which
3 16 was assessed pursuant to section 427B.17, subsection 3.

3 17 Sec. 9. Section 441.73, subsection 4, Code 2003, is
3 18 amended to read as follows:

3 19 4. The executive council shall transfer for the fiscal
3 20 year beginning July 1, 1992, and each fiscal year thereafter,
3 21 from funds established in sections ~~405A.8~~, 425.17 and 426.1,
3 22 an amount necessary to pay litigation expenses. The amount of
3 23 the fund for each fiscal year shall not exceed seven hundred
3 24 thousand dollars. The executive council shall determine
3 25 annually the proportionate amounts to be transferred from the
3 26 ~~three two~~ separate funds. At any time when no litigation is
3 27 pending or in progress the balance in the litigation expense
3 28 fund shall not exceed one hundred thousand dollars. Any
3 29 excess moneys shall be transferred in a proportionate amount
3 30 back to the funds from which they were originally transferred.

3 31 Sec. 10. GUARANTEE OF REPLACEMENT FUNDS. The revaluation
3 32 of all industrial machinery, equipment, and computers
3 33 authorized in section 427B.19B, Code 2003, as a result of the
3 34 insufficient funding of the industrial machinery, equipment
3 35 and computers property tax replacement fund for the fiscal
4 1 year beginning July 1, 2002, is void and taxes payable in the
4 2 fiscal year beginning July 1, 2003, shall not be levied on the
4 3 amount of such revaluation.

4 4 Sec. 11. Sections 403.23, 405A.1, 405A.2, 405A.3, 405A.4,
4 5 405A.5, 405A.6, 405A.7, 405A.8, 405A.9, 405A.10, 422.65,
4 6 427A.12, and 427B.19B, Code 2003, are repealed.

4 7 Sec. 12. UNIFORM REDUCTIONS. The general assembly finds
4 8 that the provisions of this division of this Act will result
4 9 in reductions in appropriations that would otherwise be made
4 10 from the general fund of the state for the fiscal year
4 11 beginning July 1, 2003, that total \$70,000,000. If the
4 12 governor vetoes a portion of this division of this Act, the
4 13 governor shall order uniform reductions in appropriations
4 14 allotments as provided in section 8.31, in an amount equal to
4 15 the appropriations that are made as a result of the veto.

4 16 Sec. 13. EFFECTIVE DATE. The section of this division of
4 17 this Act that voids the revaluation of machinery, equipment,
4 18 and computers, being deemed of immediate importance, takes
4 19 effect upon enactment.

4 20 DIVISION II 4 21 PARKING TICKETS

4 22 Sec. 14. Section 321.236, subsection 1, paragraph a, Code
4 23 2003, is amended to read as follows:

4 24 a. May be charged and collected upon a simple notice of a
4 25 fine payable to the city clerk or clerk of the district court,
4 26 if authorized by ordinance. The fine ~~shall not exceed five~~
4 27 ~~dollars except for snow route parking violations in which case~~
4 28 ~~the fine shall not exceed twenty-five dollars for each~~
4 29 ~~violation charged under a simple notice of a fine shall be~~
4 30 ~~established by ordinance. The fine may be increased up to ten~~
4 31 ~~by five dollars if the parking violation is not paid within~~

4 32 thirty days of the date upon which the violation occurred, if
4 33 authorized by ordinance. Violations of section 321L.4,
4 34 subsection 2, may be charged and collected upon a simple
4 35 notice of a one hundred dollar fine payable to the city clerk
5 1 or clerk of the district court, if authorized by ordinance.
5 2 No costs or other charges shall be assessed. All fines
5 3 collected by a city pursuant to this paragraph shall be
5 4 retained by the city and all fines collected by a county
5 5 pursuant to this paragraph shall be retained by the county.
5 6 Sec. 15. Section 805.8A, subsection 1, paragraph a, Code
5 7 2003, is amended to read as follows:

5 8 a. For parking violations under sections 321.236, 321.239,
5 9 321.358, 321.360, and 321.361, the scheduled fine is five
5 10 dollars, except if the local authority has established the
5 11 fine by ordinance pursuant to section 321.236, subsection 1.
5 12 The scheduled fine for a parking violation of pursuant to
5 13 section 321.236 increases in an amount up to ten by five
5 14 dollars, as authorized by ordinance pursuant to section
5 15 321.236, subsection 1, paragraph "a", if the parking violation
5 16 is not paid within thirty days of the date upon which the
5 17 violation occurred. For purposes of calculating the unsecured
5 18 appearance bond required under section 805.6, the scheduled
5 19 fine shall be five dollars, or if the amount of the fine is
5 20 greater than five dollars, the unsecured appearance bond shall
5 21 be the amount of the fine established by the local authority
5 22 pursuant to section 321.236, subsection 1. However,
5 23 violations charged by a city or county upon simple notice of a
5 24 fine instead of a uniform citation and complaint as permitted
5 25 by section 321.236, subsection 1, paragraph "a", are not
5 26 scheduled violations, and this section shall not apply to any
5 27 offense charged in that manner. For a parking violation under
5 28 section 321.362 or 461A.38, the scheduled fine is ten dollars.

5 29 DIVISION III

5 30 LAW ENFORCEMENT ACADEMY

5 31 Sec. 16. NEW SECTION. 80B.11E TRAINING == APPLICATION BY
5 32 INDIVIDUAL == INDIVIDUAL EXPENSE.

5 33 1. Notwithstanding any other provision of law to the
5 34 contrary, an individual who is not a certified law enforcement
5 35 officer may apply for attendance at the law enforcement
6 1 academy at their own expense on the condition that the
6 2 individual meets the minimum eligibility standards described
6 3 in subsection 2.

6 4 2. An individual who submits an application pursuant to
6 5 subsection 1 shall, at a minimum, meet all minimum hiring
6 6 standards as established by academy rules, including the
6 7 successful completion of certain psychological and physical
6 8 testing examinations. In addition, such individual shall be
6 9 of good moral character as determined by a thorough background
6 10 investigation by the academy for a fee. For such purposes,
6 11 the academy shall have the authority to conduct a background
6 12 investigation of the individual, including a fingerprint
6 13 search of local, state, and national fingerprint files.

6 14 3. An individual shall not be granted permission to attend
6 15 an academy training program if such acceptance would result in
6 16 the nonacceptance of another qualifying applicant who is a law
6 17 enforcement officer.

6 18 DIVISION IV

6 19 PUBLICATION == BUDGET

6 20 Sec. 17. Section 24.9, unnumbered paragraph 1, Code
6 21 2003, is amended to read as follows:

6 22 Each municipality shall file with the secretary or clerk
6 23 thereof the estimates required to be made in sections 24.3 to
6 24 24.8, at least twenty days before the date fixed by law for
6 25 certifying the same to the levying board and shall forthwith
6 26 fix a date for a hearing thereon, and shall publish such
6 27 estimates and any annual levies previously authorized as
6 28 provided in section 76.2, with a notice of the time when and
6 29 the place where such hearing shall be held not less than ten
6 30 nor more than twenty days before the hearing. Provided that
6 31 in municipalities of ~~less than two~~ seven hundred population or
6 32 less such estimates and the notice of hearing thereon shall be
6 33 posted in three public places in the district in lieu of
6 34 publication.

6 35 Sec. 18. Section 331.436, Code 2003, is amended to read
7 1 as follows:

7 2 331.436 PROTEST.

7 3 Protests to the adopted budget must be made in accordance
7 4 with sections 24.27 through 24.32 as if the county were the
7 5 municipality under those sections except that the number of
7 6 people necessary to file a protest under this section shall
7 7 not be less than one hundred.

7 8 Sec. 19. Section 349.3, subsection 1, Code 2003, is
7 9 amended to read as follows:

7 10 1. In counties having a population of less than ~~fifteen~~
7 11 ~~twenty~~ thousand, two such newspapers, or one, if there be but
7 12 one published ~~therein in the county~~.

7 13 Sec. 20. Section 349.15, Code 2003, is amended to read as
7 14 follows:

7 15 349.15 DIVISION OF COMPENSATION.

7 16 If in any county the publishers of two or more newspapers,
7 17 at least one of which by reason of its location and
7 18 circulation is entitled to be selected as a county official
7 19 newspaper, have entered into an agreement to publish the
7 20 official proceedings or have united in a request to have their
7 21 publication selected for such purposes, and such agreement or
7 22 request has been filed with the board of supervisors prior to
7 23 the naming of the official newspapers, the board of
7 24 supervisors shall designate each of them a county official
7 25 newspaper, but the combined compensation of the newspapers so
7 26 requesting or agreeing, added to that of the other official
7 27 newspaper or newspapers, if any, shall not exceed the combined
7 28 compensation allowed by law to two official newspapers in
7 29 counties having a population below ~~fifteen~~ twenty thousand or
7 30 to three official newspapers in counties having a population
7 31 of ~~fifteen~~ twenty thousand or more.

7 32 Sec. 21. Section 362.3, Code 2003, is amended to read as
7 33 follows:

7 34 362.3 PUBLICATION OF NOTICES.

7 35 Unless otherwise provided by state law:

8 1 1. If notice of an election, hearing, or other official
8 2 action is required by the city code, the notice must be
8 3 published at least once, not less than four nor more than
8 4 twenty days before the date of the election, hearing, or other
8 5 action.

8 6 2. A publication required by the city code must be in a
8 7 newspaper published at least once weekly and having general
8 8 circulation in the city. However, if the city has a
8 9 population of ~~two~~ seven hundred or less, or in the case of
8 10 ordinances and amendments to be published in a city in which
8 11 no newspaper is published, a publication may be made by
8 12 posting in three public places in the city which have been
8 13 permanently designated by ordinance.

8 14 In the case of notices of elections, a city with a
8 15 population of ~~two~~ seven hundred or less meets the publication
8 16 requirement of this section by posting notices of elections in
8 17 three public places which have been designated by ordinance.

8 18 Sec. 22. Section 372.13, subsection 6, Code 2003, is
8 19 amended to read as follows:

8 20 6. Within fifteen days following a regular or special
8 21 meeting of the council, the clerk shall cause the minutes of
8 22 the proceedings of the council, including the total
8 23 expenditure from each city fund, to be published in a
8 24 newspaper of general circulation in the city. The publication
8 25 shall include a list of all claims allowed and a summary of
8 26 all receipts and shall show the gross amount of the claim.
8 27 Matters discussed in closed session pursuant to section 21.3
8 28 shall not be published until entered on the public minutes.
8 29 However, in cities having more than one hundred fifty thousand
8 30 population the council shall each month print in pamphlet form
8 31 a detailed itemized statement of all receipts and
8 32 disbursements of the city, and a summary of its proceedings
8 33 during the preceding month, and furnish copies to the city
8 34 library, the daily newspapers of the city, and to persons who
8 35 apply at the office of the city clerk, and the pamphlet shall
9 1 constitute publication as required. Failure by the clerk to
9 2 make publication is a simple misdemeanor. The provisions of
9 3 this subsection are applicable in cities in which a newspaper
9 4 is published, or in cities of ~~two~~ more than seven hundred
9 5 population ~~or over~~, but in all other cities, posting the
9 6 statement in three public places in the city which have been
9 7 permanently designated by ordinance is sufficient compliance
9 8 with this subsection.

9 9 Sec. 23. Section 384.16, subsection 3, Code 2003, is
9 10 amended to read as follows:

9 11 3. The council shall set a time and place for public
9 12 hearing on the budget before the final certification date and
9 13 shall publish notice of the hearing not less than ten nor more
9 14 than twenty days before the hearing in a newspaper published
9 15 at least once weekly and having general circulation in the
9 16 city. However, if the city has a population of ~~two~~ seven
9 17 hundred or less, publication may be made by posting in three
9 18 public places in the city. A summary of the proposed budget

9 19 shall be included in the notice. Proof of publication must be
9 20 filed with the county auditor. The department of management
9 21 shall prescribe the form for the public hearing notice for use
9 22 by cities.

9 23 DIVISION V

9 24 CITY CIVIL SERVICE REFORM

9 25 Sec. 24. Section 400.8, subsection 3, Code 2003, is
9 26 amended to read as follows:

9 27 3. All appointments to such positions shall be conditional
9 28 upon a probation period of not to exceed ~~six months, and in~~
~~9 29 the case of police dispatchers and fire fighters a probation~~
~~9 30 period not to exceed twelve months such period of time as~~
~~9 31 established by the city for such position. In the case of~~
~~9 32 police patrol officers, if the employee has successfully~~
~~9 33 completed training at the Iowa law enforcement academy or~~
~~9 34 another training facility certified by the director of the~~
~~9 35 Iowa law enforcement academy before the initial appointment as~~
~~10 1 a police patrol officer, the probationary period shall be for~~
~~10 2 a period of up to nine months and shall commence with the date~~
~~10 3 of initial appointment as a police patrol officer. If the~~
~~10 4 employee has not successfully completed training at the Iowa~~
~~10 5 law enforcement academy or another training facility certified~~
~~10 6 by the director of the law enforcement academy before initial~~
~~10 7 appointment as a police patrol officer, the probationary~~
~~10 8 period shall commence with the date of initial employment as a~~
~~10 9 police patrol officer and shall continue for a period of up to~~
~~10 10 nine months following the date of successful completion of~~
~~10 11 training at the Iowa law enforcement academy or another~~
~~10 12 training facility certified by the director of the Iowa law~~
~~10 13 enforcement academy. A police patrol officer transferring~~
~~10 14 employment from one jurisdiction to another shall be employed~~
~~10 15 subject to a probationary period of up to nine months.~~
~~10 16 However, in cities with a population over one hundred seventy=~~
~~10 17 five thousand, appointments to the position of fire fighter~~
~~10 18 shall be conditional upon a probation period of not to exceed~~
~~10 19 twenty-four months. During the probation period, the~~
10 20 appointee may be removed or discharged from such position by
10 21 the appointing person or body without the right of appeal to
10 22 the commission. A person removed or discharged during a
10 23 probationary period shall, at the time of discharge, be given
10 24 a notice in writing stating the reason or reasons for the
10 25 dismissal. A copy of such notice shall be promptly filed with
10 26 the commission. Continuance in the position after the
10 27 expiration of such probationary period shall constitute a
10 28 permanent appointment.

10 29 Sec. 25. Section 400.11, unnumbered paragraph 5, Code
10 30 2003, is amended to read as follows:

10 31 When there is no such preferred list or certified eligible
10 32 list, or when the eligible list shall be exhausted, the person
10 33 or body having the appointing power may temporarily fill a
10 34 newly created office or other vacancy only until an
10 35 examination can be held and the names of qualified persons be
11 1 certified by the commission, and such temporary appointments
11 2 are hereby limited to ninety days for any one person in the
11 3 same vacancy, but such limitation shall not apply to persons
11 4 temporarily acting in positions regularly held by another.
11 5 ~~Any person temporarily filling a vacancy in a position of~~
~~11 6 higher grade for twenty days or more, shall receive the salary~~
~~11 7 paid in such higher grade.~~

11 8 DIVISION VI

11 9 TRANSACTION FEE

11 10 Sec. 26. NEW SECTION. 331.605C ELECTRONIC TRANSACTION
11 11 FEE == AUDIT.

11 12 1. The recorder shall also collect a fee of five dollars
11 13 for each recorded transaction for which a fee is paid pursuant
11 14 to section 331.604 to be used for the purposes of planning and
11 15 implementing electronic recording and electronic transactions
11 16 in each county and developing county and statewide internet
11 17 websites to provide electronic access to records and
11 18 information.

11 19 2. The county treasurer, on behalf of the recorder, shall
11 20 establish and maintain an interest-bearing account into which
11 21 all moneys collected pursuant to this section shall be
11 22 deposited. The recorder shall use the moneys deposited in the
11 23 account to carry out the purposes of this section. The
11 24 recorder may cooperate with other entities, boards, and
11 25 agencies to establish methods for electronic recording and
11 26 conducting of transactions and may participate in other joint
11 27 ventures which further the purposes of this subsection.

11 28 3. The local government electronic transaction account is
11 29 established in the office of the treasurer of state under the

11 30 control of the treasurer of state. Notwithstanding section
11 31 12C.7, interest or earnings on moneys in the transaction
11 32 account shall be credited to the account. Moneys in the
11 33 transaction account are not subject to transfer,
11 34 appropriation, or reversion to any other fund, or any other
11 35 use except as provided in this subsection. The treasurer of
12 1 state shall enter into a contract with the Iowa state
12 2 association of counties affiliate representing county
12 3 recorders to develop, implement, and maintain a statewide
12 4 internet website for purposes of providing electronic access
12 5 to records and information recorded or filed by county
12 6 recorders. On a monthly basis, the county treasurer shall pay
12 7 one dollar and fifty cents of each fee collected pursuant to
12 8 this section to the treasurer of state for deposit in the
12 9 local government electronic transaction account. Moneys
12 10 credited to the transaction account are appropriated to the
12 11 treasurer of state to be used for the contract costs.
12 12 4. The recorder shall make available any information
12 13 required by the county auditor or auditor of state concerning
12 14 the fees collected under this section for the purposes of
12 15 determining the amount of fees collected and the uses for
12 16 which such fees are expended.

12 17 5. This section is repealed July 1, 2005.

12 18 DIVISION VII

12 19 LOCAL GOVERNMENT LEASES

12 20 Sec. 27. Section 346.27, Code 2003, is amended by adding
12 21 the following new subsection:

12 22 NEW SUBSECTION. 26. Any incorporating unit may enter into
12 23 a lease with an authority that the authority and the
12 24 incorporating unit determine is necessary and convenient to
12 25 effectuate their purposes and the purposes of this section.
12 26 The power to enter into leases under this section is in
12 27 addition to other powers granted to cities and counties to
12 28 enter into leases and the provisions of chapter 75, section
12 29 364.4, subsection 4, and section 331.301, subsection 10, are
12 30 not applicable to leases entered into under this section.

12 31 DIVISION VIII

12 32 LOCAL GOVERNMENT INNOVATION FUND

12 33 Sec. 28. NEW SECTION. 8.64 LOCAL GOVERNMENT INNOVATION
12 34 FUND == COMMITTEE == LOANS.

12 35 1. The local government innovation fund is created in the
13 1 state treasury under the control of the department of
13 2 management for the purpose of stimulating and encouraging
13 3 innovation in local government by the awarding of loans to
13 4 cities and counties.

13 5 2. The director of the department of management shall
13 6 establish a seven-member committee to be called the local
13 7 government innovation fund committee. Committee members shall
13 8 have expertise in local government. The committee shall
13 9 review all requests for funds and approve loans of funds if
13 10 the committee determines that a city or county project that is
13 11 the subject of a request would result in cost savings,
13 12 innovative approaches to service delivery, or added revenue to
13 13 the city, county, or state. Eligible projects are projects
13 14 which cannot be funded from a city's or county's operating
13 15 budget without adversely affecting the city's or county's
13 16 normal service levels. Preference shall be given to requests
13 17 involving the sharing of services between two or more local
13 18 governments. Projects may include, but are not limited to,
13 19 purchase of advanced technology, contracting for expert
13 20 services, and acquisition of equipment or supplies.

13 21 3. A city or county seeking a loan from the local
13 22 government innovation fund shall complete an application form
13 23 designed by the local government innovation fund committee
13 24 which employs a return on investment concept and demonstrates
13 25 how the project funded by the loan will result in reduced
13 26 city, county, or state general fund expenditures or how city
13 27 or county fund revenues will increase without an increase in
13 28 state costs. Minimum loan requirements for city or county
13 29 requests shall be determined by the committee.

13 30 4. a. In order for the local government innovation fund
13 31 to be self-supporting, the local government innovation fund
13 32 committee shall establish repayment schedules for each loan
13 33 awarded. The loan requirements shall be outlined in a chapter
13 34 28E agreement executed between the state and the city or
13 35 county receiving the loan. A city or county shall repay the
14 1 loan over a period not to exceed five years, with interest, at
14 2 a rate to be determined by the local government innovation
14 3 fund committee.

14 4 b. The local government innovation fund committee shall
14 5 utilize the department of management, the department of

14 6 revenue and finance, or other source of technical expertise
14 7 designated by the committee to certify savings projected for a
14 8 local government innovation fund project.
14 9 5. Notwithstanding section 12C.7, subsection 2, interest
14 10 or earnings on moneys deposited in the local government
14 11 innovation fund shall be credited to the local government
14 12 innovation fund. Notwithstanding section 8.33, moneys
14 13 appropriated to and moneys remaining in the local government
14 14 innovation fund at the end of a fiscal year shall not revert
14 15 to the general fund of the state.

14 16 Sec. 29. LOCAL GOVERNMENT INNOVATION FUND APPROPRIATION.
14 17 There is appropriated from the general fund of the state to
14 18 the department of management for the fiscal year beginning
14 19 July 1, 2003, and ending June 30, 2004, the following amount,
14 20 or so much thereof as is necessary, to be used for the purpose
14 21 designated:

14 22 For deposit in the local government innovation fund created
14 23 in section 8.64:

14 24 \$ 10,000,000

14 25 Notwithstanding section 8.64, subsection 4, as enacted by
14 26 this division of this Act, the local government innovation
14 27 fund committee may provide up to 20 percent of the amount
14 28 appropriated in this section in the form of forgivable loans
14 29 or as grants for those projects that propose a new and
14 30 innovative sharing initiative that would serve as an important
14 31 model for cities and counties.

14 32 DIVISION IX
14 33 CHARGE FOR CAPITAL ASSETS

14 34 Sec. 30. CHARGE FOR CAPITAL ASSETS. For the fiscal year
14 35 beginning July 1, 2003, and ending June 30, 2004, the
15 1 department of management shall levy a charge against
15 2 departments and establishments, as defined in section 8.2, for
15 3 indirect costs associated with state ownership of land,
15 4 buildings, equipment, or other capital assets controlled by a
15 5 department or establishment. The charges shall not be levied
15 6 against capital assets that are subject to charges levied by
15 7 the department of administrative services, if the department
15 8 is established by law, or against capital assets controlled by
15 9 the state board of regents. Moneys received as a result of
15 10 charges made under this section shall be transferred to the
15 11 fund from which the moneys were originally appropriated. The
15 12 total amount of charges levied under this section that are
15 13 associated with appropriations made from the general fund of
15 14 the state for the fiscal year shall not exceed \$1,720,000.

15 15 Sec. 31. CHARGE FOR CAPITAL == APPROPRIATIONS REDUCTION ==
15 16 STATE BOARD OF REGENTS STUDY.

15 17 1. In lieu of applying a charge for capital assets to the
15 18 institutions under the control of the state board of regents
15 19 as otherwise provided in this division for executive branch
15 20 agencies, the appropriations made from the general fund of the
15 21 state to the state board of regents for the general university
15 22 operating budgets at the state university of Iowa, Iowa state
15 23 university of science and technology, and university of
15 24 northern Iowa, in 2003 Iowa Acts, House File 662, section 9,
15 25 subsections 2, 3, and 4, are reduced by \$17,880,000. The
15 26 state board of regents shall apply the reduction as follows:
15 27 state university of Iowa, 46.7 percent, Iowa state university
15 28 of science and technology, 36.8 percent, and university of
15 29 northern Iowa, 16.5 percent.

15 30 2. The state board of regents shall conduct a study during
15 31 the 2003 legislative interim on the policy option of levying
15 32 charges for capital assets against all state agencies,
15 33 including the state board of regents. The study
15 34 recommendations and findings shall include but are not limited
15 35 to identification of the capital assets that should be subject
16 1 to charges and how capital assets funded by sources other than
16 2 state funding should be charged. The study report, including
16 3 findings and recommendations, shall be issued on or before
16 4 December 31, 2003. The study shall be hosted by a business
16 5 college of a regents' institution. The study shall be
16 6 conducted by a study committee consisting of the following:
16 7 one member designated by the state board of regents who shall
16 8 serve as chair, one person representing the department of
16 9 management designated by the department's director, one member
16 10 representing the state department of transportation appointed
16 11 by the department's director, one member representing the
16 12 judicial branch appointed by the chief justice of the supreme
16 13 court, one member who is a member of the general assembly
16 14 jointly appointed by the majority leader of the senate and the
16 15 speaker of the house of representatives, and one member who is
16 16 a member of the general assembly jointly appointed by the

16 17 minority leader of the senate and the minority leader of the
16 18 house of representatives.

16 19 DIVISION X
16 20 CHARTER AGENCIES

16 21 Sec. 32. NEW SECTION. 7J.1 CHARTER AGENCIES.

16 22 1. DESIGNATION OF CHARTER AGENCIES == PURPOSE. The
16 23 governor may, by executive order, designate up to five state
16 24 departments or agencies, as described in section 7E.5, other
16 25 than the department of administrative services, if the
16 26 department is established in law, or the department of
16 27 management, as a charter agency by July 1, 2003. The
16 28 designation of a charter agency shall be for a period of five
16 29 years which shall terminate as of June 30, 2008. The purpose
16 30 of designating a charter agency is to grant the agency
16 31 additional authority as provided by this chapter while
16 32 reducing the total appropriations to the agency.

16 33 2. CHARTER AGENCY DIRECTORS.

16 34 a. Prior to each fiscal year, or as soon thereafter as
16 35 possible, the governor and each director of a designated
17 1 charter agency shall enter into an annual performance
17 2 agreement which shall set forth measurable organization and
17 3 individual goals for the director in key operational areas of
17 4 the director's agency. The annual performance agreement shall
17 5 be made public and a copy of the agreement shall be submitted
17 6 to the general assembly.

17 7 b. In addition to the authority granted the governor as to
17 8 the appointment and removal of a director of an agency that is
17 9 a charter agency, the governor may remove a director of a
17 10 charter agency for misconduct or for failure to achieve the
17 11 performance goals set forth in the annual performance
17 12 agreement.

17 13 c. Notwithstanding any provision of law to the contrary,
17 14 the governor may set the salary of a director of a charter
17 15 agency under the pay plan for exempt positions in the
17 16 executive branch of government. In addition, the governor may
17 17 authorize the payment of a bonus to a director of a charter
17 18 agency in an amount not in excess of fifty percent of the
17 19 director's annual rate of pay, based upon the governor's
17 20 evaluation of the director's performance in relation to the
17 21 goals set forth in the annual performance agreement.

17 22 3. APPROPRIATIONS AND ASSET MANAGEMENT.

17 23 a. It is the intent of the general assembly that
17 24 appropriations to a charter agency for any fiscal year shall
17 25 be reduced, with a target reduction of ten percent for each
17 26 charter agency, from the appropriation that would otherwise
17 27 have been enacted for that charter agency.

17 28 b. Notwithstanding any provision of law to the contrary,
17 29 proceeds from the sale or lease of capital assets that are
17 30 under the control of a charter agency shall be retained by the
17 31 charter agency and used for such purposes within the scope of
17 32 the responsibilities of the charter agency.

17 33 c. Notwithstanding section 8.33, one-half of all
17 34 unencumbered or unobligated balances of appropriations made
17 35 for each fiscal year of that fiscal period to the charter
18 1 agency shall not revert to the state treasury or to the credit
18 2 of the funds from which the appropriations were made.

18 3 4. PERSONNEL MANAGEMENT.

18 4 a. Notwithstanding any provision of law to the contrary, a
18 5 charter agency shall not be subject to any limitation relating
18 6 to the number of or pay grade assigned to its employees,
18 7 including any limitation on the number of full-time equivalent
18 8 positions as defined by section 8.36A.

18 9 b. A charter agency may waive any personnel rule and may
18 10 exercise the authority granted to the department of personnel,
18 11 or its successor, relating to personnel management concerning
18 12 employees of the charter agency, subject to any restrictions
18 13 on such authority as to employees of the charter agency
18 14 covered by a collective bargaining agreement. The exclusive
18 15 representative of employees of a charter agency may enter into
18 16 agreements with the charter agency to grant the charter agency
18 17 the authority described in this paragraph. A waiver of a rule
18 18 pursuant to this subsection shall be indexed, filed, and made
18 19 available for public inspection in the same manner as provided
18 20 in section 17A.9A, subsection 4.

18 21 5. PROCUREMENT AND GENERAL SERVICES. A charter agency may
18 22 waive any administrative rule regarding procurement, fleet
18 23 management, printing and copying, or maintenance of buildings
18 24 and grounds, and may exercise the authority of the department
18 25 of general services, or its successor, as it relates to the
18 26 physical resources of the state. A waiver of a rule pursuant
18 27 to this subsection shall be indexed, filed, and made available

18 28 for public inspection in the same manner as provided in
18 29 section 17A.9A, subsection 4.

18 30 6. INFORMATION TECHNOLOGY. A charter agency may waive any
18 31 administrative rule regarding the acquisition and use of
18 32 information technology and may exercise the powers of the
18 33 information technology department, or its successor, as it
18 34 relates to information technology. A waiver of a rule
18 35 pursuant to this subsection shall be indexed, filed, and made
19 1 available for public inspection in the same manner as provided
19 2 in section 17A.9A, subsection 4.

19 3 7. STATUTORY AND RULE FLEXIBILITY.

19 4 a. A charter agency may temporarily waive or suspend the
19 5 provisions of any regulatory statute or administrative rule if
19 6 strict compliance with the statute or rule impacts the ability
19 7 of the charter agency requesting the waiver or suspension to
19 8 perform its duties in a more cost-efficient manner and the
19 9 requirements of this subsection are met.

19 10 b. The procedure for granting a temporary waiver or
19 11 suspension of any regulatory statute or administrative rule
19 12 shall be as follows:

19 13 (1) The charter agency may waive or suspend a statute or
19 14 rule if the agency finds, based on clear and convincing
19 15 evidence, all of the following:

19 16 (a) The application of the statute or rule poses an undue
19 17 financial hardship on the applicable charter agency.

19 18 (b) The waiver or suspension from the requirements of a
19 19 statute or rule in the specific case would not prejudice the
19 20 substantial legal rights of any person.

19 21 (c) Substantially equal protection of public health,
19 22 safety, and welfare will be afforded by a means other than
19 23 that prescribed in the particular statute or rule for which
19 24 the waiver or suspension is requested.

19 25 (d) The waiver or suspension would not result in a
19 26 violation of due process, a violation of federal law, or a
19 27 violation of the state or federal constitution.

19 28 (2) If a charter agency proposes to grant a waiver or
19 29 suspension, the charter agency shall draft the waiver or
19 30 suspension so as to provide the narrowest exception possible
19 31 to the provisions of the statute or rule and may place any
19 32 condition on the waiver or suspension that the charter agency
19 33 finds desirable to protect the public health, safety, and
19 34 welfare. The charter agency shall then submit the waiver or
19 35 suspension to the administrative rules review committee for
20 1 consideration at the committee's next scheduled meeting.

20 2 (3) The administrative rules review committee shall review
20 3 the proposed waiver or suspension at the committee's next
20 4 scheduled meeting following submission of the proposal and may
20 5 either take no action or affirmatively approve the waiver or
20 6 suspension, or delay the effective date of the waiver or
20 7 suspension in the same manner as for rules as provided in
20 8 section 17A.4, subsection 5, and section 17A.8, subsection 9.
20 9 If the administrative rules review committee either approves
20 10 or takes no action concerning the proposed waiver or
20 11 suspension, the waiver or suspension may become effective no
20 12 earlier than the day following the meeting. If the
20 13 administrative rules review committee delays the effective
20 14 date of the waiver or suspension but no further action is
20 15 taken to rescind the waiver or suspension, the proposed waiver
20 16 or suspension may become effective no earlier than upon the
20 17 conclusion of the delay. The administrative rules review
20 18 committee shall notify the applicable charter agency of its
20 19 action concerning the proposed waiver or suspension.

20 20 (4) Copies of the grant or denial of a waiver or
20 21 suspension under this subsection shall be filed and made
20 22 available to the public by the applicable charter agency.

20 23 c. A waiver or suspension granted pursuant to this
20 24 subsection shall be for a period of time not to exceed twelve
20 25 months or until June 30, 2008, whichever first occurs, and as
20 26 determined by the applicable charter agency. A renewal of a
20 27 temporary waiver or suspension granted pursuant to this
20 28 section shall be granted or denied in the same manner as the
20 29 initial waiver or suspension.

20 30 8. REPORTING REQUIREMENTS.

20 31 a. Each charter agency shall submit a written report to
20 32 the general assembly by December 31 of each year summarizing
20 33 the activities of the charter agency for the preceding fiscal
20 34 year. The report shall include information concerning the
20 35 expenditures of the agency and the number of filled full-time
21 1 equivalent positions during the preceding fiscal year. The
21 2 report shall include information relating to the actions taken
21 3 by the agency pursuant to the authority granted by this

21 4 section.

21 5 b. By January 15, 2008, the governor shall submit a
21 6 written report to the general assembly on the operation and
21 7 effectiveness of this chapter and the costs and savings
21 8 associated with the implementation of this chapter. The
21 9 report shall include any recommendations about extending the
21 10 chapter's effectiveness beyond June 30, 2008.

21 11 9. DEPARTMENT OF MANAGEMENT REVIEW. Each proposed waiver
21 12 or suspension of an administrative rule or regulatory statute
21 13 as authorized by this section shall be submitted to the
21 14 department of management for review prior to the waiver or
21 15 suspension becoming effective. The director of the department
21 16 of management may disapprove the waiver or suspension if,
21 17 based on clear and convincing evidence, the director
21 18 determines that the suspension or waiver would result in an
21 19 adverse financial impact on the state.

21 20 Sec. 33. NEW SECTION. 7J.2 CHARTER AGENCY LOAN FUND.

21 21 1. A charter agency loan fund is created in the state
21 22 treasury under the control of the department of management for
21 23 the purpose of providing funding to support innovation by
21 24 those state agencies designated as charter agencies in
21 25 accordance with section 7J.1. Innovation purposes shall
21 26 include but are not limited to training, development of
21 27 outcome measurement systems, management system modifications,
21 28 and other modifications associated with transition of
21 29 operations to charter agency status. Moneys in the fund are
21 30 appropriated to the department of management for the purposes
21 31 described in this subsection.

21 32 2. A charter agency requesting a loan from the fund shall
21 33 complete an application process designated by the director of
21 34 the department of management. Minimum loan requirements for
21 35 charter agency requests shall be determined by the director.

22 1 3. In order for the fund to be self-supporting, the
22 2 director of the department of management shall establish
22 3 repayment schedules for each loan awarded. An agency shall
22 4 repay the loan over a period not to exceed five years with
22 5 interest, at a rate to be determined by the director.

22 6 4. Notwithstanding section 12C.7, subsection 2, interest
22 7 or earnings on moneys deposited in the charter agency loan
22 8 fund shall be credited to the charter agency loan fund.
22 9 Notwithstanding section 8.33, moneys credited to the charter
22 10 agency loan fund shall not revert to the fund from which
22 11 appropriated at the close of a fiscal year.

22 12 Sec. 34. NEW SECTION. 7J.3 REPEAL. This chapter is
22 13 repealed June 30, 2008.

22 14 Sec. 35. CHARTER AGENCY APPROPRIATIONS.

22 15 1. Notwithstanding any provision of law to the contrary,
22 16 the total appropriations from the general fund of the state to
22 17 those departments and agencies designated as charter agencies
22 18 for the fiscal year beginning July 1, 2003, and ending June
22 19 30, 2004, as provided by the appropriation to those agencies
22 20 as enacted by the Eightieth General Assembly, 2003 Regular
22 21 Session, shall be reduced by \$15,000,000. The department of
22 22 management shall apply the appropriation reductions, with a
22 23 target of a 10 percent reduction for each charter agency, as
22 24 necessary to achieve the overall reduction amount and shall
22 25 make this information available to the legislative fiscal
22 26 committee and the legislative fiscal bureau. It is the intent
22 27 of the general assembly that appropriations to a charter
22 28 agency in subsequent fiscal years shall be similarly adjusted
22 29 from the appropriation that would otherwise have been enacted.

22 30 2. There is appropriated from the general fund of the
22 31 state to the department of management for the fiscal year
22 32 beginning July 1, 2003, and ending June 30, 2004, the
22 33 following amount, or so much thereof as is necessary, to be
22 34 used for the purposes designated:

22 35 For deposit in the charter agency loan fund created in
23 1 section 7J.2:

23 2 \$ 3,000,000

23 3 Sec. 36. EFFECTIVE DATE. This division of this Act, being
23 4 deemed of immediate importance, takes effect upon enactment.

23 5 DIVISION XI

23 6 HEALTH INSURANCE INCENTIVE

23 7 Sec. 37. STATE EMPLOYEE HEALTH INSURANCE COSTS ==

23 8 INCENTIVE PROGRAM. The department of personnel, or its
23 9 successor, may establish, with the approval of the executive
23 10 council, an incentive program for state employees to encourage
23 11 the reduction of health insurance costs for the fiscal year
23 12 beginning July 1, 2003. If established, the incentive program
23 13 shall provide that an amount equal to one-half of any savings
23 14 realized through implementation of the program shall be

23 15 distributed to applicable insured state employees in a manner
23 16 established by the incentive program. The department shall
23 17 provide the legislative government oversight committee with a
23 18 copy of the proposed incentive program submitted to the
23 19 executive council for approval. The department shall also
23 20 submit a written update to the legislative government
23 21 oversight committee by December 31, 2003, concerning its
23 22 progress in implementing an incentive program.

23 23 DIVISION XII

23 24 AREA EDUCATION AGENCIES

23 25 Sec. 38. AREA EDUCATION AGENCY SERVICE DELIVERY TASK
23 26 FORCE.

23 27 1. The department of education shall establish a task
23 28 force to study the delivery of media services, educational
23 29 services, and special education support services by the area
23 30 education agencies. The task force shall study issues
23 31 including, but not limited to, all of the following:

23 32 a. The potentiality of a fee for services, such as
23 33 cooperative purchasing.

23 34 b. The potential effects of allowing school districts to
23 35 petition to join a noncontiguous area education agency.

24 1 c. Opportunities for area education agencies to
24 2 collaborate with community colleges and other higher education
24 3 institutions, local libraries, and other community providers.

24 4 d. Special education delivery by area education agencies
24 5 and school districts, including the state's success in serving
24 6 students identified as level I. This portion of the study
24 7 shall also include a review of identification of students as
24 8 level I; remediation, the success of preventative programs,
24 9 including but not limited to, the early intervention block
24 10 grant program; intensive instruction and tutoring; and
24 11 appropriate reading instruction methodologies.

24 12 e. Reduction of special education funding deficits,
24 13 including a review of the use of state and federal funds for
24 14 special education and related preventative programs.

24 15 2. The task force membership shall include all of the
24 16 following:

24 17 a. The director of the department of education or the
24 18 director's designee.

24 19 b. An area education agency administrator.

24 20 c. A person representing the interests of special
24 21 education students.

24 22 d. A superintendent of a district with an enrollment of
24 23 more than six hundred students.

24 24 e. A superintendent of a district with an enrollment of
24 25 six hundred or fewer students.

24 26 f. A person from the private sector with experience in
24 27 developing plans for cost savings.

24 28 g. Ten members of the general assembly, including five
24 29 senators appointed by the president of the senate after
24 30 consultation with the majority and minority leaders of the
24 31 senate, and five representatives appointed by the speaker of
24 32 the house of representatives after consultation with the
24 33 majority and minority leaders of the house of representatives.

24 34 3. The department shall submit its findings and
24 35 recommendations in a report to the chairpersons and ranking
25 1 members of the senate and house standing committees on
25 2 education and the joint appropriations subcommittee on
25 3 education by December 15, 2003.

25 4 Sec. 39. SPECIAL EDUCATION SUPPORT SERVICES BALANCE
25 5 REDUCTION.

25 6 1. For the fiscal year beginning July 1, 2003, and ending
25 7 June 30, 2004, area education agency special education support
25 8 services fund balances shall be reduced, with each area
25 9 education agency remitting to the state the following
25 10 designated amount:

25 11 a. Area Education Agency 1	\$	517,120
25 12 b. Area Education Agency 4	\$	221,604
25 13 c. Area Education Agencies 3 and 5, and their 25 14 successor area education agency	\$	995,807
25 15 d. Area Education Agencies 2, 6, 7, and their 25 16 successor area education agency	\$	913,710
25 17 e. Area Education Agency 9	\$	468,138
25 18 f. Area Education Agency 10	\$	964,357
25 19 g. Area Education Agency 11	\$	3,620,018
25 20 h. Area Education Agency 12	\$	512,949
25 21 i. Area Education Agency 13	\$	666,285
25 22 j. Area Education Agency 14	\$	405,065
25 23 k. Area Education Agency 15	\$	413,282
25 24 l. Area Education Agency 16	\$	301,664
25 25 2. Notwithstanding the provisions of section 257.37, an		

25 26 area education agency may use the funds determined to be
25 27 available under section 257.35 in a manner which it believes
25 28 is appropriate to best maintain the level of required area
25 29 education agency special education services. An area
25 30 education agency may also use unreserved fund balances for
25 31 media services or education services in a manner which it
25 32 believes is appropriate to best maintain the level of required
25 33 area education agency special education services.

25 34 Sec. 40. Section 257.35, subsection 2, Code 2003, is
25 35 amended to read as follows:

26 1 2. Notwithstanding subsection 1, the state aid for area
26 2 education agencies and the portion of the combined district
26 3 cost calculated for these agencies for ~~each the fiscal year of~~
~~26 4 the fiscal period beginning July 1, 2002, and ending June 30,~~
~~26 5 2004 beginning July 1, 2002, and each succeeding fiscal year,~~
26 6 shall be reduced by the department of management by seven
26 7 million five hundred thousand dollars. The reduction for each
26 8 area education agency shall be equal to the reduction that the
26 9 agency received in the fiscal year beginning July 1, 2001.

26 10 Sec. 41. Section 257.35, Code 2003, is amended by adding
26 11 the following new subsection:

26 12 NEW SUBSECTION. 3. Notwithstanding subsection 1, and in
26 13 addition to the reduction applicable pursuant to subsection 2,
26 14 the state aid for area education agencies and the portion of
26 15 the combined district cost calculated for these agencies for
26 16 the fiscal year beginning July 1, 2003, and ending June 30,
26 17 2004, shall be reduced by the department of management by ten
26 18 million dollars. The department shall calculate a reduction
26 19 such that each area education agency shall receive a reduction
26 20 proportionate to the amount that it would otherwise have
26 21 received under this section if the reduction imposed pursuant
26 22 to this subsection did not apply.

26 23 Sec. 42. Section 257.37, subsection 6, Code 2003, is
26 24 amended to read as follows:

26 25 6. For the budget ~~years year~~ beginning July 1, 2002, and
26 26 ~~July 1, 2003 each succeeding budget year,~~ notwithstanding the
26 27 requirements of this section for determining the budgets and
26 28 funding of media services and education services, an area
26 29 education agency may, within the limits of the total of the
26 30 funds provided for the budget years pursuant to section
26 31 257.35, expend for special education support services an
26 32 amount that exceeds the payment for special education support
26 33 services pursuant to section 257.35 in order to maintain the
26 34 level of required special education support services in the
26 35 area education agency.

27 1 Sec. 43. EFFECTIVE DATE. This division of this Act, being
27 2 deemed of immediate importance, takes effect upon enactment.

27 3 DIVISION XIII

27 4 CHILD WELFARE SERVICES

27 5 Sec. 44. CHILD WELFARE SERVICES SYSTEM REDESIGN.

27 6 1. PURPOSE. The department of human services shall
27 7 initiate a process for improving the outcomes for families in
27 8 this state who become involved with the state system for child
27 9 welfare and juvenile delinquency by implementing a system
27 10 redesign to transition to an outcomes-based system for
27 11 children identified in this section. The outcomes-based
27 12 system shall be organized based upon the federal child welfare
27 13 outcomes and expectations and shall address the following
27 14 purposes for the children and families involved with the state
27 15 system:

27 16 a. Safety.

27 17 (1) Children are, first and foremost, protected from abuse
27 18 and neglect.

27 19 (2) Children are safely maintained in the children's homes
27 20 with family, whenever possible.

27 21 (3) The safety of communities is preserved.

27 22 b. Permanency.

27 23 (1) Children have permanency and stability in the
27 24 children's living situations.

27 25 (2) The continuity of children's family relationships and
27 26 connections are preserved.

27 27 c. Child and family well-being.

27 28 (1) Family capacity to provide for the needs of the
27 29 children who are part of the family is enhanced.

27 30 (2) Children receive appropriate services to meet the
27 31 children's educational needs.

27 32 (3) Children receive additional services that are adequate
27 33 to meet the children's physical and mental health needs.

27 34 (4) Youth who are becoming adults and leaving the service

27 35 system for children will receive appropriate services to make
28 1 the transition to become self-sufficient and contributing

28 2 members of the community.

28 3 2. CHILDREN INVOLVED. The service system redesign shall

28 4 address the needs of children who are referred to the

28 5 department of human services or juvenile court services,

28 6 including but not limited to all of the following:

28 7 a. Children adjudicated as a child in need of assistance

28 8 under chapter 232.

28 9 b. Children adjudicated delinquent under chapter 232.

28 10 c. Children subject to emergency removal under chapter

28 11 232.

28 12 d. Children identified through a child abuse assessment

28 13 conducted in accordance with section 232.71B as being at risk

28 14 of harm from maltreatment due to child abuse.

28 15 3. DESIGN PRINCIPLES. The service system redesign shall

28 16 incorporate all of the following design principles:

28 17 a. Outcomes can be achieved in the most efficient and

28 18 cost-effective manner possible.

28 19 b. The roles of public and private agencies in the

28 20 redesigned system's delivery model are clarified.

28 21 c. The financing structure maximizes state and federal

28 22 funding with as much flexibility as possible.

28 23 d. The methodology for purchasing performance outcomes

28 24 includes definitions of performance expectations,

28 25 reimbursement provisions, financial incentives, provider

28 26 flexibility provisions, and viable protection provisions for

28 27 children, the state, and providers.

28 28 e. The regulatory and contract monitoring approaches are

28 29 designed to assure effective oversight and quality.

28 30 f. The administrative aspects address system planning and

28 31 support, data collection, policy development, and budgeting.

28 32 4. DESIGN CONSIDERATIONS. The service system redesign

28 33 shall address all of the following design considerations:

28 34 a. Successful outcome and performance-based system changes

28 35 made in other states and communities are incorporated.

29 1 b. Linkages are made with the existing community planning

29 2 efforts and partnerships.

29 3 c. Federal program and budget accountability expectations

29 4 are addressed.

29 5 d. Linkages with other critical service systems are

29 6 effectively incorporated, including but not limited to the

29 7 systems for mental health, domestic abuse, and substance abuse

29 8 services, and the judicial branch.

29 9 e. Options are considered for implementation of an acuity=

29 10 based, case rate system that offers bonuses or other

29 11 incentives for providers that achieve identified results and

29 12 for providers that are able to develop strategic and

29 13 collaborative relationships with other providers.

29 14 f. Policy options are developed to address the needs of

29 15 difficult-to-treat children, such as no-eject, no-reject time

29 16 periods.

29 17 5. REDESIGN PLANNING PROCESS. The department of human

29 18 services shall implement an inclusive process for the service

29 19 system redesign utilizing a stakeholder panel to involve a

29 20 broad spectrum of input into the redesign planning, design,

29 21 implementation, and evaluation process. The stakeholder panel

29 22 membership may include but is not limited to representation

29 23 from all of the following:

29 24 a. Service consumers.

29 25 b. Judicial branch and justice system.

29 26 c. Service providers.

29 27 d. Community-based collaboration efforts such as child

29 28 welfare decategorization projects and community partnership

29 29 for child protection projects.

29 30 e. Foster and adoptive parents.

29 31 f. Advocacy groups.

29 32 g. Departmental staff.

29 33 h. Education and special education practitioners.

29 34 i. Others.

29 35 6. LEGISLATIVE MONITORING. A six-member legislative

30 1 committee is established to monitor the service system

30 2 redesign planning and implementation. The members shall be

30 3 appointed as follows: two members by the senate majority

30 4 leader, one member by the senate minority leader, two members

30 5 by the speaker of the house of representatives, and one member

30 6 by the minority leader of the house of representatives. The

30 7 committee shall provide advice and consultation to the

30 8 department and consider any legislative changes that may be

30 9 needed for implementation.

30 10 7. IMPLEMENTATION. The following implementation

30 11 provisions apply to the service system redesign:

30 12 a. The redesign plan shall be implemented during the

30 13 fiscal year beginning July 1, 2003, and ending June 30, 2004.
30 14 b. The department of human services may adopt emergency
30 15 rules under section 17A.4, subsection 2, and section 17A.5,
30 16 subsection 2, paragraph "b", to implement the provisions of
30 17 this section and the rules shall be effective immediately upon
30 18 filing or on a later date specified in the rules, unless the
30 19 effective date is delayed by the administrative rules review
30 20 committee. Any rules adopted in accordance with this
30 21 paragraph shall not take effect before the rules are reviewed
30 22 by the administrative rules review committee. The delay
30 23 authority provided to the administrative rules review
30 24 committee under section 17A.4, subsection 5, and section
30 25 17A.8, subsection 9, shall be applicable to a delay imposed
30 26 under this paragraph, notwithstanding a provision in those
30 27 sections making them inapplicable to section 17A.5, subsection
30 28 2, paragraph "b". Any rules adopted in accordance with this
30 29 paragraph shall also be published as a notice of intended
30 30 action as provided in section 17A.4.

30 31 c. The director of human services shall seek any federal
30 32 waiver or federal plan amendment relating to funding provided
30 33 under Title IV-B, IV-E, or XIX of the federal Social Security
30 34 Act necessary to implement the service system redesign.

30 35 8. STATUTORY REQUIREMENTS. The requirements of sections
31 1 18.6 and 72.3 and the administrative rules implementing
31 2 section 8.47 are not applicable to the services procurement
31 3 process used to implement the outcomes-based service system
31 4 redesign in accordance with this section. The department of
31 5 human services may enter into competitive negotiations and
31 6 proposal modifications with each successful contractor as
31 7 necessary to implement the provisions of this section.

31 8 9. APPROPRIATIONS REDUCTION. The appropriations made from
31 9 the general fund of the state to the department of human
31 10 services for the fiscal year beginning July 1, 2003, and
31 11 ending June 30, 2004, in 2003 Iowa Acts, House File 667, if
31 12 enacted, for services, staffing, and support related to the
31 13 service system redesign are reduced by \$10,000,000. The
31 14 governor shall apply the appropriations reductions on or
31 15 before January 1, 2004, following consultation with the
31 16 director of human services, the council on human services, and
31 17 the legislative monitoring committee established pursuant to
31 18 this section. The appropriations subject to reduction shall
31 19 include but are not limited to the appropriations made for
31 20 child and family services, field operations, medical
31 21 assistance program, and general administration. The
31 22 appropriations reductions applied by the governor shall be
31 23 reported to the general assembly on the date the reductions
31 24 are applied. If the judicial branch reports a revision to the
31 25 judicial branch budget for juvenile court services making a
31 26 reduction as a result of the service system redesign, the
31 27 amount of the reductions applied by the governor shall be
31 28 reduced by the same amount.

31 29 Sec. 45. CHILD WELFARE SYSTEM REDESIGN. There is
31 30 appropriated from the general fund of the state to the
31 31 department of human services for the fiscal year beginning
31 32 July 1, 2003, and ending June 30, 2004, the following amounts,
31 33 or so much thereof as is necessary, to be used for the
31 34 purposes designated:

31 35 1. For training of service providers and departmental
32 1 employees in performance contracting, new service roles, and
32 2 other skills and information related to the redesign of the
32 3 child welfare service system, and for the development of a
32 4 statewide information system for implementation of changes
32 5 associated with the service system redesign:
32 6 \$ 1,200,000

32 7 2. For deposit in a provider loan fund, which shall be
32 8 created in the office of the treasurer of state under the
32 9 authority of the department of human services, to be used to
32 10 assist child welfare service providers with short-term cash
32 11 flow needs:
32 12 \$ 1,000,000

32 13 Moneys in the provider loan fund are appropriated to the
32 14 department for use in accordance with this subsection. The
32 15 department shall determine the length and interest rate for
32 16 loans, if any. Loan repayment proceeds shall be credited to
32 17 the provider loan fund and are appropriated to the department
32 18 to be used for other loans.

32 19 DIVISION XIV

32 20 DEPARTMENT OF HUMAN SERVICES REINVENTION

32 21 Sec. 46. APPROPRIATIONS REDUCTION. The appropriations
32 22 made from the general fund of the state for the fiscal year
32 23 beginning July 1, 2003, and ending June 30, 2004, to the

32 24 department of human services in 2003 Iowa Acts, House File
 32 25 667, if enacted, are reduced by \$300,000 to reflect the
 32 26 anticipated savings from the electronic payment of benefits
 32 27 and billings implemented pursuant to this division of this
 32 28 Act. The governor shall apply the appropriations reductions
 32 29 on or before January 1, 2004, following consultation with the
 32 30 director of human services and the council on human services.
 32 31 The appropriations reductions applied by the governor shall be
 32 32 reported to the general assembly on the date the reductions
 32 33 are applied.

32 34 Sec. 47. SYSTEM EFFICIENCIES == ELECTRONIC BILLING AND
 32 35 PAYMENT == COMPATIBILITY == COMMUNICATIONS.

33 1 1. The department of human services shall develop a plan
 33 2 to provide all provider payments under the medical assistance
 33 3 program on an electronic basis by June 30, 2005.

33 4 2. The department of human services shall submit a plan to
 33 5 implement an electronic billing and payment system for child
 33 6 care providers to the governor and the general assembly by
 33 7 January 1, 2004.

33 8 3. In developing any billing, payment, or eligibility
 33 9 systems, the department of human services shall ensure that
 33 10 the systems are compatible.

33 11 4. The department of human services shall investigate
 33 12 measures to increase effective and efficient communications
 33 13 with clients, including but not limited to reducing
 33 14 duplicative mailings, and shall submit a report of
 33 15 recommendations to the governor and the general assembly by
 33 16 January 1, 2004.

33 17 Sec. 48. MEDICAL ASSISTANCE APPROPRIATION REDUCTION. The
 33 18 appropriation made from the general fund of the state for the
 33 19 fiscal year beginning July 1, 2003, and ending June 30, 2004,
 33 20 to the department of human services in 2003 Iowa Acts, House
 33 21 File 667, if enacted, for medical assistance is reduced by
 33 22 \$7,500,000.

33 23 Sec. 49. HOSPITAL TRUST FUND == MEDICAL ASSISTANCE
 33 24 SUPPLEMENT.

33 25 1. Notwithstanding 2002 Iowa Acts, chapter 1003, Second
 33 26 Extraordinary Session, sections 150 and 151, as the sections
 33 27 relate to the hospital trust fund, moneys shall not be
 33 28 transferred from the hospital trust fund at the end of the
 33 29 fiscal year beginning July 1, 2003.

33 30 2. There is appropriated from the hospital trust fund to
 33 31 the department of human services for the fiscal year beginning
 33 32 July 1, 2003, and ending June 30, 2004, the following amount,
 33 33 or so much thereof as is necessary to be used for the purposes
 33 34 designated:

33 35 To supplement the medical assistance appropriation made in
 34 1 2003 Iowa Acts, House File 667, if enacted:

34 2 \$ 14,000,000

34 3 The appropriation made in this subsection shall include
 34 4 moneys in the hospital trust fund that remain unencumbered or
 34 5 unobligated at the end of the fiscal year beginning July 1,
 34 6 2002, and ending June 30, 2003.

34 7 Sec. 50. IOWA JUVENILE HOME. The appropriation made from
 34 8 the general fund of the state for the fiscal year beginning
 34 9 July 1, 2003, and ending June 30, 2004, to the department of
 34 10 human services in 2003 Iowa Acts, House File 667, if enacted,
 34 11 for the Iowa juvenile home at Toledo, is reduced by \$410,540.

34 12 Sec. 51. STATE TRAINING SCHOOL. The appropriation made
 34 13 from the general fund of the state for the fiscal year
 34 14 beginning July 1, 2003, and ending June 30, 2004, to the
 34 15 department of human services in 2003 Iowa Acts, House File
 34 16 667, if enacted, for the state training school at Eldora is
 34 17 reduced by \$1,239,227.

34 18 Sec. 52. INDEPENDENCE MHI. The appropriation made from
 34 19 the general fund of the state for the fiscal year beginning
 34 20 July 1, 2003, and ending June 30, 2004, to the department of
 34 21 human services in 2003 Iowa Acts, House File 667, if enacted,
 34 22 for the state mental health institute at Independence, is
 34 23 reduced by \$544,192.

34 24 Sec. 53. Section 256.7, subsection 10, Code 2003, is
 34 25 amended to read as follows:

34 26 10. Adopt rules pursuant to chapter 17A relating to
 34 27 educational programs and budget limitations for educational
 34 28 programs pursuant to sections ~~282.28~~, 282.29, 282.30, ~~and~~
 34 29 ~~282.31, and 282.33~~.

34 30 Sec. 54. Section 282.32, Code 2003, is amended to read as
 34 31 follows:

34 32 282.32 APPEAL.

34 33 An area education agency or local school district may
 34 34 appeal a decision made pursuant to section ~~282.28 or~~ 282.31 to

34 35 the state board of education. The decision of the state board
35 1 is final.

35 2 Sec. 55. NEW SECTION. 282.33 FUNDING FOR CHILDREN
35 3 RESIDING IN STATE MENTAL HEALTH INSTITUTES OR INSTITUTIONS.
35 4 1. A child who resides in an institution for children
35 5 under the jurisdiction of the director of human services
35 6 referred to in section 218.1, subsection 3, 5, 7, or 8, and
35 7 who is not enrolled in the educational program of the district
35 8 of residence of the child, shall receive appropriate
35 9 educational services. The institution in which the child
35 10 resides shall submit a proposed program and budget based on
35 11 the average daily attendance of the children residing in the
35 12 institution to the department of education and the department
35 13 of human services by January 1 for the next succeeding school
35 14 year. The department of education shall review and approve or
35 15 modify the proposed program and budget and shall notify the
35 16 department of revenue and finance of its action by February 1.
35 17 The department of revenue and finance shall pay the approved
35 18 budget amount to the department of human services in monthly
35 19 installments beginning September 15 and ending June 15 of the
35 20 next succeeding school year. The installments shall be as
35 21 nearly equal as possible as determined by the department of
35 22 revenue and finance, taking into consideration the relative
35 23 budget and cash position of the state's resources. The
35 24 department of revenue and finance shall pay the approved
35 25 budget amount for the department of human services from the
35 26 moneys appropriated under section 257.16 and the department of
35 27 human services shall distribute the payment to the
35 28 institution. The institution shall submit an accounting for
35 29 the actual cost of the program to the department of education
35 30 by August 1 of the following school year. The department
35 31 shall review and approve or modify all expenditures incurred
35 32 in compliance with the guidelines adopted pursuant to section
35 33 256.7, subsection 10, and shall notify the department of
35 34 revenue and finance of the approved accounting amount. The
35 35 approved accounting amount shall be compared with any amounts
36 1 paid by the department of revenue and finance to the
36 2 department of human services and any differences added to or
36 3 subtracted from the October payment made under this subsection
36 4 for the next school year. Any amount paid by the department
36 5 of revenue and finance shall be deducted monthly from the
36 6 state foundation aid paid under section 257.16 to all school
36 7 districts in the state during the subsequent fiscal year. The
36 8 portion of the total amount of the approved budget that shall
36 9 be deducted from the state aid of a school district shall be
36 10 the same as the ratio that the budget enrollment for the
36 11 budget year of the school district bears to the total budget
36 12 enrollment in the state for that budget year in which the
36 13 deduction is made.

36 14 2. Programs may be provided during the summer and funded
36 15 under this section if the institution determines a valid
36 16 educational reason to do so and the department of education
36 17 approves the program in the manner provided in subsection 1.

36 18 Sec. 56. Section 282.28, Code 2003, is repealed.

36 19 Sec. 57. FY 2003=2004 FUNDING. For purposes of providing
36 20 funding for educational programs provided to children residing
36 21 in an institution for children under the jurisdiction of the
36 22 director of human services referred to in section 218.1,
36 23 subsection 3, 5, 7, or 8, the institution providing such
36 24 programs to children residing in the institution shall submit
36 25 an estimated proposed program and budget based on the
36 26 estimated average daily attendance of children who will likely
36 27 be provided educational programs during the fiscal year
36 28 beginning July 1, 2003, and ending June 30, 2004, to the
36 29 department of education and the department of human services
36 30 by August 1, 2003. The department of education shall review
36 31 and approve or modify the proposed program and budget and
36 32 shall notify the department of revenue and finance of its
36 33 action by September 1, 2003. The department of revenue and
36 34 finance shall pay the approved budget amount, and the
36 35 department of human services shall distribute payments, as
37 1 provided in section 282.33.

37 2 Sec. 58. EFFECTIVE DATE. The section of this division of
37 3 this Act relating to appropriation of moneys in the hospital
37 4 trust fund, being deemed of immediate importance, takes effect
37 5 upon enactment.

37 6 EXPLANATION

37 7 This bill relates to state and local government financial
37 8 and regulatory matters, makes and reduces appropriations, and
37 9 provides a fee.

37 10 PROPERTY TAX REPLACEMENT == This division repeals the

37 11 requirements for state payment of personal property tax
37 12 replacement moneys to local governments in Code chapter 405A
37 13 and Code section 427A.12 and accelerates the phaseout of state
37 14 payment of replacement moneys for the property tax on
37 15 machinery, equipment, and computers in Code sections 427B.19A
37 16 and 427B.19B. The division repeals the state payment of
37 17 franchise tax revenues to local governments. The division
37 18 repeals Code section 403.23, requiring an annual report from
37 19 local governments concerning tax increment financing and urban
37 20 renewal areas. In addition, the division provides conforming
37 21 amendments. City and county financial reporting requirements
37 22 in Code sections 331.403 and 384.22 currently provide for
37 23 withholding a portion of franchise tax revenues if financial
37 24 reports are filed on time and the bill provides instead that
37 25 homestead tax exemption payments will be withheld.
37 26 The division provides that if the governor vetoes any
37 27 provisions in the division resulting in increased
37 28 appropriations, the governor shall order uniform reductions in
37 29 general fund appropriations to the executive branch.
37 30 PARKING TICKETS == This division provides that a local
37 31 authority may establish the parking violation fine for each
37 32 violation that occurs. Current law establishes the maximum
37 33 parking fine at \$5.
37 34 The division provides that if a parking violation is not
37 35 paid within 30 days, the fine amount increases by \$5. Under
38 1 current law the fine amount increases up to \$10.
38 2 The division equalizes the amount of an unsecured
38 3 appearance bond for a parking violation to the amount of the
38 4 parking violation fine established by the local authority. An
38 5 unsecured appearance bond permits the court to enter a
38 6 conviction and render judgment against the defendant for the
38 7 amount of the bond in satisfaction of the penalty plus court
38 8 costs, if the defendant fails to appear in court for trial.
38 9 LAW ENFORCEMENT ACADEMY == This division relates to the
38 10 Iowa law enforcement academy. Code chapter 80B is amended to
38 11 provide that an individual who is not a certified law
38 12 enforcement officer may apply for attendance at the law
38 13 enforcement academy at their own expense on the condition that
38 14 the individual meets certain eligibility requirements as
38 15 established by academy rules.
38 16 This provision further provides that an individual shall
38 17 not be granted permission to attend the academy training
38 18 program if such acceptance would result in the nonacceptance
38 19 of another qualifying applicant who is a law enforcement
38 20 officer.
38 21 PUBLICATION == BUDGET == This division relates to local
38 22 government publication and budget appeal requirements. Code
38 23 sections 24.9 and 362.3; Code section 372.13, subsection 6;
38 24 and Code section 384.16, subsection 3, are amended to provide
38 25 that a city with a population of 700 or less can meet
38 26 publication requirements by posting in three public places in
38 27 the city which have been permanently designated by ordinance.
38 28 Under current law, only cities with a population of 200 or
38 29 less could meet publication requirements in this manner.
38 30 Code section 331.436 is amended to provide that the number
38 31 of people necessary to file an appeal of a proposed county
38 32 budget under this section must be equal to one-fourth of 1
38 33 percent of those voting for the office of governor at the last
38 34 general election of the county, but not less than 100 people.
38 35 Under current law, a protest of a county budget could be made
39 1 by a number of people equal to one-fourth of 1 percent of
39 2 those voting for the office of governor at the last general
39 3 election of the county, but not less than 10 people.
39 4 Code section 349.3 is amended to provide that in counties
39 5 having a population of less than 20,000 the board of
39 6 supervisors shall select two newspapers, or one, if only one
39 7 newspaper is published in the county, to publish the official
39 8 proceedings of the county for the year. Under current law,
39 9 counties having a population of 15,000 or more are required to
39 10 select at least three official newspapers to publish official
39 11 county proceedings.
39 12 Code section 349.15 is amended to coordinate with the
39 13 amendment of Code section 349.3 to provide that if the
39 14 publishers of two or more newspapers in a county, one of which
39 15 is entitled to be selected as a county official newspaper,
39 16 agree to publish the official proceedings or unite in a
39 17 request to have their publication selected as the official
39 18 newspaper, the combined compensation of such newspapers shall
39 19 not exceed the combined compensation allowed by law to two
39 20 official newspapers in counties having a population below
39 21 20,000 or to three official newspapers in counties having a

39 22 population of 20,000 or more.

39 23 CITY CIVIL SERVICE REFORM == This division makes changes to

39 24 certain employment requirements affecting city civil service

39 25 employees.

39 26 Code section 400.8 is amended to provide that the

39 27 probationary period applicable to appointments to civil

39 28 service positions shall be for such period of time as

39 29 established by the city. Currently, the statute provides

39 30 maximum probationary periods for different civil service

39 31 positions. The current statute provides for a maximum 24=

39 32 month probationary period for fire fighters in cities with a

39 33 population over 175,000, a maximum 12=month probationary

39 34 period for police dispatchers and all other fire fighters, a

39 35 maximum nine=month probationary period for police patrol

40 1 officers, and a maximum six=month probationary period for all

40 2 other civil service appointments.

40 3 Code section 400.11 is amended to eliminate the requirement

40 4 that a person temporarily filling a vacancy in a city civil

40 5 service position at a higher grade for 20 days shall receive

40 6 the salary for such higher grade.

40 7 TRANSACTION FEE == This division requires the county

40 8 recorder to collect an electronic transaction fee of \$5 for

40 9 each recorded transaction for which a fee is already paid

40 10 pursuant to the general recording and filing fee requirements

40 11 of Code section 331.604. The purpose of the electronic

40 12 transaction fee is to fund the planning and implementation of

40 13 electronic recording and electronic transactions in each

40 14 county and development of county and statewide internet

40 15 websites.

40 16 The division requires the county treasurer to establish and

40 17 maintain an interest=bearing account into which all electronic

40 18 transaction fees collected are deposited. The bill provides

40 19 that the recorder may cooperate with other entities, boards,

40 20 and agencies and participate in other joint ventures to carry

40 21 out the purposes of planning and implementing electronic

40 22 transactions in the county. The bill also requires the

40 23 recorder to make information available to the county or state

40 24 auditor concerning the fees collected and the uses for which

40 25 the fees are expended.

40 26 The division establishes the local government electronic

40 27 transaction account in the office of the treasurer of state.

40 28 Interest or earnings on moneys in the account are credited to

40 29 the account. The treasurer of state is directed to enter into

40 30 a contract with the statewide county recorders affiliate for

40 31 the costs of implementing and maintaining an internet site for

40 32 the information recorded or filed by county recorders. Of the

40 33 \$5 transaction fee, the county treasurer is required to pay

40 34 \$1.50 to the treasurer of state to be credited to the

40 35 transaction account. The moneys in the transaction account

41 1 are appropriated to the treasurer of state to pay for the

41 2 contract costs.

41 3 The authority for the transaction fee is repealed effective

41 4 July 1, 2005.

41 5 LOCAL GOVERNMENT LEASES == This division provides that a

41 6 city or county may enter into a lease with a joint city=county

41 7 authority when the city or county and the authority determine

41 8 that such a lease is necessary and convenient to effectuate

41 9 their purposes and the purposes of Code section 346.27.

41 10 The division also provides that the power to enter into

41 11 leases under this Code section is in addition to other powers

41 12 granted to cities and counties to enter into leases and the

41 13 provisions of Code chapter 75, Code section 364.4, subsection

41 14 4, and Code section 331.301, subsection 10, which require a

41 15 city or county entering into a lease to follow the

41 16 authorization procedure which requires an affirmative vote of

41 17 60 percent of the votes cast on the question, are not

41 18 applicable and instead only a majority vote is required for

41 19 authorization of leases entered into under this Code section.

41 20 LOCAL GOVERNMENT INNOVATION FUND == This division

41 21 establishes the local government innovation fund under the

41 22 control of the department of management. The purpose of the

41 23 fund is to provide loans to cities and counties for purposes

41 24 of stimulating and encouraging city and county innovation and

41 25 savings in expenditures. The director of the department of

41 26 management is directed to appoint a seven=member committee to

41 27 implement forms, loan requirements, and loan repayment

41 28 schedules, and to perform other administrative functions. The

41 29 loan provisions are required to be outlined in a Code chapter

41 30 28E agreement between the state and the city or county

41 31 receiving the loan. Moneys appropriated to the fund do not

41 32 revert and the fund retains interest and earnings.

41 33 The division provides an initial appropriation to the fund
41 34 and allows up to 20 percent of the amount appropriated to be
41 35 used for forgivable loans or grants.

42 1 CHARGE FOR CAPITAL ASSETS == This division directs the
42 2 department of management, for fiscal year 2003=2004, to levy
42 3 charges against certain executive branch departments and
42 4 agencies for the indirect costs associated with the capital
42 5 assets controlled by the departments and agencies. Proceeds
42 6 from the charges are required to be credited to the fund from
42 7 which the moneys used to pay the charges were appropriated and
42 8 are limited in amount. The division provides for a reduction
42 9 in certain state board of regents appropriations in lieu of
42 10 the capital asset charges and requires the state board of
42 11 regents to study the issue and report the study's findings in
42 12 December 2003.

42 13 CHARTER AGENCIES == This division establishes new Code
42 14 chapter 7J and provides the governor with the authority to
42 15 designate, by July 1, 2003, up to five state agencies as
42 16 charter agencies. The department of administrative services,
42 17 if established in law, and the department of management cannot
42 18 be designated as a charter agency. The designation of a
42 19 charter agency shall be for a period of five years and shall
42 20 terminate June 30, 2008. The division takes effect upon
42 21 enactment.

42 22 The division establishes the additional authority and
42 23 requirements applicable to charter agencies. The division
42 24 provides that the pay for a director of a charter agency shall
42 25 be set by the governor within the pay plan for exempt
42 26 positions in state government with a possible bonus of up to
42 27 50 percent of that amount. Each director is also required to
42 28 enter into an annual performance agreement with the governor.

42 29 The division further provides that the total appropriations
42 30 to charter agencies for the fiscal year beginning July 1,
42 31 2003, shall be reduced by \$15 million, with a target of a 10
42 32 percent reduction for each charter agency. The division
42 33 indicates similar reductions are contemplated for the five
42 34 years this division is in effect. In addition, each charter
42 35 agency is allowed to retain 50 percent of any unobligated or

43 1 unexpended appropriations at the end of each fiscal year.
43 2 The division also provides that a charter agency is not
43 3 subject to any limitations relating to the number or grade of
43 4 its employees. In addition, a charter agency is granted the
43 5 authority to waive any personnel requirement subject to any
43 6 restriction contained within a collective bargaining
43 7 agreement.

43 8 The division also allows a charter agency to waive any rule
43 9 or regulation regarding procurement, fleet management,
43 10 printing and copying, maintenance of buildings, and
43 11 information technology.

43 12 The division also permits a charter agency to waive any
43 13 regulatory statute or administrative rule if strict compliance
43 14 with the statute or rule impacts the ability of the agency to
43 15 perform its duties in the most cost-efficient manner. The
43 16 division then provides that the charter agency may grant the
43 17 waiver if it finds, by clear and convincing evidence, that the
43 18 provision to be waived poses an undue financial hardship, that
43 19 the waiver would not prejudice the rights of any person, that
43 20 the public health and welfare can be protected by other means,
43 21 and that the waiver would not violate federal law or the
43 22 federal or state constitution. If the agency proposes a
43 23 waiver, the agency shall submit the waiver to the
43 24 administrative rules review committee which shall review the
43 25 waiver at its next meeting. The administrative rules review
43 26 committee can either approve the waiver affirmatively or by
43 27 not taking action, or it can delay the effective date of the
43 28 waiver in the same manner as the committee can delay the
43 29 effective date of an administrative rule. The division
43 30 provides that the charter agency shall maintain copies of
43 31 grants and denials of waiver requests for public inspection.
43 32 The division further provides that a waiver may extend no
43 33 longer than 12 months, or until June 30, 2008, whichever is
43 34 earlier.

43 35 The division further provides that each charter agency
44 1 shall submit annual reports to the legislature concerning its
44 2 actions as a charter agency and requires the governor to
44 3 submit a report to the legislature concerning the
44 4 implementation of the division by January 15, 2008.

44 5 The division also provides that each proposed waiver or
44 6 suspension of a statute or rule by a charter agency shall be
44 7 submitted to the department of management for review and the
44 8 director of the department may disapprove the waiver or

44 9 suspension if it would result in an adverse financial impact
44 10 on the state.

44 11 The division creates a charter agency loan fund under the
44 12 authority of the department of management to be used to
44 13 support innovation by charter agencies. The director of the
44 14 department of management is directed to establish requirements
44 15 for the loan fund. A loan must be paid back within five
44 16 years, with interest at a rate to be determined by the
44 17 director. The fund retains interest and earnings on moneys in
44 18 the fund. Moneys credited to the fund do not revert to the
44 19 fund from which appropriated. An initial appropriation is
44 20 made to the fund.

44 21 HEALTH INSURANCE INCENTIVE == This division provides that
44 22 the department of personnel, or its successor, may establish
44 23 an incentive program for state employees to encourage
44 24 employees to reduce health insurance costs for the fiscal year
44 25 beginning July 1, 2003. The program shall provide that 50
44 26 percent of any savings realized shall be distributed to
44 27 affected state employees in a manner established by the
44 28 program. The division requires that the department obtain
44 29 approval of the program from the executive council and submit
44 30 a copy of the proposed program, and an update on the program
44 31 by December 31, 2003, to the legislative government oversight
44 32 committee.

44 33 AREA EDUCATION AGENCIES == This division requires the
44 34 department of education to establish a task force to study the
44 35 delivery and funding of media services, educational services,
45 1 and special education support services by the area education
45 2 agencies (AEAs). The 16-member task force includes the
45 3 director of the department of education or the director's
45 4 designee, an AEA administrator, a person representing the
45 5 interests of special education students, urban and rural
45 6 school district superintendents, a person from the private
45 7 sector, and 10 members of the general assembly. The
45 8 department must submit its findings and recommendations to the
45 9 chairpersons and ranking members of the senate and house
45 10 standing committees on education and the joint appropriations
45 11 subcommittee on education by December 15, 2003.

45 12 The division provides for reductions in specified area
45 13 education agency funding levels and carryover balances.

45 14 The division provides that for the fiscal year beginning
45 15 July 1, 2003, and ending June 30, 2004, area education agency
45 16 special education support services fund balances shall be
45 17 reduced. Specific reduction amounts are provided for each
45 18 area education agency. With respect to this reduction, an
45 19 area education agency may use the funds determined to be
45 20 available under Code section 257.35, which provides for area
45 21 education agency payments, and unreserved fund balances for
45 22 media services or education services, in a manner which it
45 23 believes is appropriate to best maintain the level of required
45 24 area education agency special education services.

45 25 A reduction in state aid for area education agencies is
45 26 made and the portion of the combined district cost calculated
45 27 for the agencies of \$7.5 million, which is currently
45 28 applicable for the fiscal period beginning July 1, 2002, and
45 29 ending June 30, 2004, shall be a permanent annual reduction
45 30 applicable for each fiscal year. The reduction made for each
45 31 area education agency shall be equal to the reduction that the
45 32 agency received in the fiscal year beginning July 1, 2001.

45 33 For the fiscal year beginning July 1, 2003, and ending June
45 34 30, 2004, there is an additional reduction in state aid for
45 35 area education agencies and the portion of the combined
46 1 district cost calculated for the agencies of \$10 million.
46 2 With reference to this additional \$10 million reduction, the
46 3 department of management shall calculate the reduction such
46 4 that each area education agency shall receive a reduction
46 5 proportionate to the amount that it would have received under
46 6 Code section 257.35 if the reductions had not been imposed.

46 7 The division provides that Code section 257.37, subsection
46 8 6, which provides that an area education agency may, within
46 9 the limits of the total of the funds provided pursuant to Code
46 10 section 257.35, expend for special education support services
46 11 an amount that exceeds the payment for special education
46 12 support services pursuant to that Code section in order to
46 13 maintain the level of required special education support
46 14 services in the area education agency, shall be made
46 15 permanently applicable. The subsection is currently
46 16 applicable for the budget years beginning July 1, 2002, and
46 17 July 1, 2003.

46 18 The division takes effect upon enactment.

46 19 CHILD WELFARE SERVICES == The division requires the

46 20 department of human services to implement a service system
46 21 redesign for child welfare services applicable to those
46 22 children who are subject to the jurisdiction of the juvenile
46 23 court under Code chapter 232 or who have been found to be a
46 24 victim of child abuse by the department of human services.
46 25 The division states the purpose of the system redesign,
46 26 identifies the children involved, identifies design principles
46 27 and considerations, provides for use of a stakeholder panel,
46 28 establishes a legislative monitoring committee, requires the
46 29 redesign to be implemented during fiscal year 2003=2004,
46 30 provides emergency rulemaking authority, and authorizes the
46 31 director of human services to seek federal waivers and plan
46 32 amendments.

46 33 The statutory requirements in Code section 18.6, relating
46 34 to competitive bidding, and Code section 72.3, relating to
46 35 penalties for divulging the contents of sealed bids, and the
47 1 administrative rules adopted for Code section 8.47, relating
47 2 to requirements for service contracts, are not applicable to
47 3 the services procurement process used to implement the
47 4 outcomes-based service system redesign. The department is
47 5 authorized to enter into competitive negotiations and proposal
47 6 modifications with service contractors as necessary to
47 7 implement the outcomes-based approach.

47 8 The FY 2003=2004 general fund appropriations to the
47 9 department are reduced by \$10,000,000 and the governor is
47 10 required to apply the reductions by January 1, 2004, after
47 11 consulting with the legislative monitoring committee, the
47 12 director of human services, and the council on human services.
47 13 If the judicial branch reports a reduction to the judicial
47 14 branch budget as a result of the redesign, the amount of the
47 15 reductions made by the governor shall be reduced accordingly.
47 16 Appropriations are made to the department for costs to
47 17 implement the service system redesign.

47 18 DEPARTMENT OF HUMAN SERVICES REINVENTION == This division
47 19 reduces and supplements various appropriations made to the
47 20 department of human services for FY 2003=2004 and transfers
47 21 moneys from the hospital trust fund at the end of FY 2002=
47 22 2003.

47 23 For FY 2003=2004, the bill compresses the deadlines and
47 24 requires the institutions to provide to the department of
47 25 education, and the department of human services, an estimated
47 26 proposed program and budget based on the estimated average
47 27 daily attendance of children who will likely be provided
47 28 educational programs during the fiscal year.

47 29 The department of human services is required to develop
47 30 plans for making electronic payments to medical assistance
47 31 program and child care services providers. Various FY 2003=
47 32 2004 appropriations are reduced to reflect the anticipated
47 33 savings from this change. The governor is directed to apply
47 34 the reduction by January 1, 2004.

47 35 The appropriation made for FY 2003=2004 for the medical
48 1 assistance program from the hospital trust fund is
48 2 supplemented. In addition, a planned transfer of the hospital
48 3 trust fund balance at the end of fiscal year 2002=2003 is
48 4 eliminated.

48 5 The division amends the Code to modify the procedures for
48 6 authorizing and funding educational programs provided to
48 7 children residing in institutions under the jurisdiction of
48 8 the director of human services, specifically the mental health
48 9 institutes at Cherokee and Independence, the state training
48 10 school at Eldora, and the Iowa juvenile home at Toledo.

48 11 The institution in which a child resides is required to
48 12 submit to the department of education a proposed program and
48 13 budget for approval or modification. Once a proposed program
48 14 and budget are approved, the department of revenue and finance
48 15 is directed to pay the approved budget amount in monthly
48 16 installments to the department of human services, which will
48 17 distribute the payments to the appropriate institutions.
48 18 Adjustments will be made to subtract or add to the October
48 19 payment in the following year if costs were greater or less
48 20 than proposed.

48 21 Currently, the funding for the programs is derived from an
48 22 appropriation made to the department of human services, though
48 23 the area education agencies provide the Iowa juvenile home and
48 24 the state training school with services under Code section
48 25 282.28, which the bill repeals. Funding for the education
48 26 programs will come from the moneys appropriated for school
48 27 foundation aid. Reductions are applied to FY 2003=2004
48 28 appropriations to reflect the change in the funding source.
48 29 Appropriations for the state training school, Iowa juvenile
48 30 home, and state mental health institute at Independence are

48 31 affected.
48 32 LSB 3461SC 80
48 33 jp/pj/5